

DRAPER ESPRIT PLC (“Draper Esprit” or the “Company”)

Chairman’s Corporate Governance Statement 2018

(The information in this statement was last reviewed on 25 September 2018)

Introduction

This Statement is issued in compliance with Rule 26 of the AIM Rules. Draper Esprit is incorporated in England and Wales and its shares are listed on the Alternative Investment Market of the London Stock Exchange (“AIM”) and the Enterprise Securities Market of the Irish Stock Exchange.

The Principles of Corporate Governance

As the chairman of Draper Esprit, I am responsible for leading the Board and upholding high standards of corporate governance throughout the group and particularly at Board level.

The Directors share the view that sound governance is fundamental to the successful growth of the business. From the Company’s admission to AIM, the Board committed to following the principles of the Quoted Companies Alliance Corporate Governance Code for small and mid-sized companies 2013 (the “QCA Code”), in so far as it was deemed appropriate for the size and nature of the Company and its operations. Following changes to AIM Rule 26 during 2018, the Company is now required to provide details of a recognised corporate governance code and the Board confirms it will continue to apply the QCA Code, an updated version of which was published in April 2018 (the “New QCA Code”).

Compliance with the New QCA Code:

The Board believes that it applies the ten principles of the New QCA Code, but recognises the need to continue to develop our governance practices and disclosures in some areas in order to ensure we continue to effectively apply the principles going forwards. In particular, we intend to focus on the development and articulation of our corporate culture in the coming year. The policies, procedures and relevant systems we have implemented to date have given us a firm foundation for our governance structure, which is described in our 2018 Annual Report (available to download [here](#)). The Board regularly reviews the structure to ensure that it develops in line with the growth and strategic plans of the group.

Deliver Growth

The Board has collective responsibility for setting the strategic aims and objectives of the Group. Our strategy is articulated in the 2018 Annual Report and Accounts and on our website. Our investment experience, combined with our unique and flexible approach to deploying long-term capital means that we have continued to execute against our strategy, delivering the growth and scale in our portfolio that will drive sustainable value for our shareholders. In the course of implementing our strategic aims, the Board takes into account expectations of the Company’s shareholder base and also its wider stakeholder and social responsibilities.

The Board also has responsibility for the Group's internal control and risk management systems. The Board regularly reviews the risks faced and ensures the mitigation strategies in place are the most effective and appropriate to the Group's operations.

Dynamic Management Framework

As Chairman, I consider the operation of the Board as a whole and the performance of the directors individually, regularly. Earlier this year, we conducted our first formal Board performance evaluation process, which concluded that the Board comprises the appropriate balance of skills and experience and that it operates effectively. There were a number of areas identified for further development and minor improvement that we will work to address over the coming months. This process is described more fully in our 2018 Annual Report and Accounts. Any future appointments to the Board will be on merit, but with due consideration to the need for diversity, including gender, on the Board. Such appointments will be made to complement the existing balance of skills and experience on the Board.

The Company operates an open and inclusive culture, and this is reflected in the way that the Board conducts itself. The Non-Executive Directors regularly attend the Company's offices and other Company events, and I frequently attend the Company's weekly Investment Committee meeting. With a relatively small employee base, such interactions mean it is relatively straightforward for the Board to promote and assess the desired corporate culture.

Build Trust

While regular communication is maintained with institutional shareholders and investor relations is a standing item on the Board's agenda, our recent Board evaluation process identified a desire to improve engagement between Non-Executive Directors and our shareholders. The Board recognises the importance of understanding the expectations of our shareholders.

During the year the Board has continued to review governance and the Group's corporate governance framework. The Board will continue to monitor its application of the New QCA Code and revise its governance framework as appropriate as the group evolves.

The table appended to this Statement sets out our explanations for non-compliance with certain of the disclosure requirements under the New QCA Code, all of which we intend to comply with following publication of our 2019 Annual Report.

Karen Slatford
Chairman
Draper Esprit plc
25 September 2018

Draper Esprit plc

New QCA Code – non-compliance with disclosure requirements as at 25 September 2018

Deliver growth

	Principle / Disclosure	Explanation for non-compliance
3	<p>Take into account wider stakeholder and social responsibilities and their implications for long-term success</p> <p><i>Explain how the business model identifies the key resources and relationships on which the business relies.</i></p> <p><i>Explain how the company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements in products).</i></p>	<p>The Board recognises that disclosure in these areas needs to be improved. The 2018 Annual Report was prepared prior to the New QCA Code being published, and the Board therefore intends to include enhanced disclosures on business model and stakeholder feedback in the 2019 Annual Report which will also be reflected on our website as appropriate.</p>

Maintain a dynamic management framework

	Principle / Disclosure	Explanation for non-compliance
5	<p>Maintain the board as a well-functioning, balanced team led by the chair.</p> <p><i>Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each Director</i></p>	<p>The 2018 Annual Report was prepared prior to the New QCA Code being published, and does not include the attendance record of Directors at committee meetings (attendance record at Board meetings, and the number of meetings of the Board and each committee in the year are disclosed). This disclosure will be included in the 2019 Annual Report.</p>
6	<p>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p> <p><i>Describe the relevant experience, skills and personal qualities and capabilities that each Director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.</i></p> <p><i>Explain how each Director keeps his/her skillset up-to-date.</i></p> <p><i>Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent Director, in advising and supporting the board.</i></p>	<p>The current directors, their background and experience are identified on pages 34-35 of the 2018 Annual Report and Accounts.</p> <p>The current advisers of the Company are listed on page 89 of the 2018 Annual Report and Accounts and the AIM Rule 26 section of the website, but more detail on their role, particularly where we have sought advice on a significant matter, will be disclosed in the 2019 Annual Report, if necessary.</p> <p>The 2018 Annual Report was prepared prior to the New QCA Code being published. We intend to expand the disclosures on the detail on the skills and experience each director brings to the Board, director training, how the directors keep their skillset up to date and any internal advisory roles, such as the role of the Company Secretary, in the 2019 Annual Report.</p>

<p>7</p>	<p>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p> <p><i>Explain how the company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process.</i></p>	<p>Succession planning is an area for consideration by the Remuneration & Nomination Committee and the Board during the year, and an explanation of the Company's approach to succession planning will be included in the 2019 Annual Report and reflected on the Company's website as appropriate.</p>
<p>8</p>	<p>Promote a corporate culture that is based on ethical values and behaviours</p> <p><i>Explain how the board ensures that the company has the means to determine that ethical values and behaviours are recognised and respected</i></p>	<p>The Board intends to further develop its assessment of the recognition of corporate culture and ethical values during the year, and will enhance disclosures in these areas in the 2019 Annual Report.</p>